

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1761 - HB 1663

February 3, 2014

SUMMARY OF BILL: Makes changes to the *Tennessee Real Estate Broker License Act of 1973* in regards to fees obtained by brokers in securing a tenant for a specific piece of real property. Bases the commission or fee amount to be paid to a broker upon the result of securing a tenant, rather than the rental income expected from the parcel of real property. A broker would now be able to pursue a cause of action for commission or fees earned, even if the real property upon which fees are based, is now owned by a subsequent owner.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to the Department of Commerce, Tennessee Real Estate Commission, this bill will have no significant fiscal impact on the Department or Commission.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 9-4-5117, all regulatory boards are required to be self-supporting over a two-year period. The Board had closing balances of \$178,396 in FY11-12, \$382,236 in FY12-13, and a closing reserve balance of \$2,987,247 on June 30, 2013.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Any additional revenue recovered by a broker, as a result of this act, would come from another individual or business resulting in no significant net fiscal impact to the real estate industry.
- This will have no significant impact on jobs in this state.

SB 1761 - HB 1663

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a more compact, stylized manner, followed by "D." and "Geise".

Lucian D. Geise, Executive Director

/jdb